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C. Pruebes Churn



Housing Application Workshop

11/30/06

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PROGRAMS & REGULATIONS

■ PROGRAMS	■ REGULATIONS
● SFH - 502 DIRECT LOAN	● SFH 502 - 3550 HANDBOOK I
● SFH - GUARANTEED RURAL HOUSING	● SFH GRH - 1980-D
● SFH - 504 LOAN / GRANT	● SFH 504 - 3550 HANDBOOK I
● SFH - 523 MUTUAL SELF HELP GRANT	● SFH 523 - 1944-I
● SFH - 523/524 SITE LOANS	● SFH 523/524 - 444.8
● MFH - DIRECT LOANS	● MFH - 515 - 3560 HANDBOOKS I, II, & III
● 515 NEW CONSTRUCTION	● MFH 538 - 3565
● 515 REPAIR/REHAB	● MFH 521 - 3560 HANDBOOKS I, II & III
● 515 EQUITY	● BOTH 509 - 1944-B
● MFH - 538 GUARANTEED RURAL RENTAL HOUSING	● BOTH 533 - 1944-N
● MFH - 514/516 FARM LABOR HOUSING LOANS AND GRANTS	● BOTH 525 - 1944-K
● MFH - 521 RENTAL ASSISTANCE	
● MFH - VOUCHER PROGRAM	
● MFH - PRESERVATION DEMONSTRATION	
● BOTH - 509 HOUSING APPLICATION PACKAGING GRANT	
● BOTH - 533 HOUSING PRESERVATION GRANT	
● BOTH - 525 HOUSING TECHNICAL & SUPERVISORY MANAGEMENT GRANT	

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SFH GUARANTEED MORTGAGE LOANS

■ APPLICATION PROCESS	■ PROGRAM HIGHLIGHTS
■ 1. BORROWER APPLIES WITH LOCAL LENDERS.	● GUARANTEE 90% OF LOAN.
■ 2. LENDER PROCESSES, UNDERWRITES AND APPROVES LOAN.	● FINANCE 102% OF FMV.
■ 3. LENDER SUBMITS TO RURAL DEVELOPMENT FOR APPROVAL.	● RATIOS 29/41.
■ 4. LENDER CLOSES AND SERVICES THE LOAN.	● INCOME LIMITS BASED ON COUNTY AND FAMILY SIZE FOR LOW AND MODERATE.
■ 5. LENDER REPORTS MONTHLY TO RD SERVICE CENTER.	● 2% GUARANTEE FEE.
	● NO PRE-PMT PENALTY.
	● 30 YRS TERM AND AMORTIZATION.
	● FICO SCORE >660
	● LAND VALUE < 30%
	● IMPOUNDS REQUIRED.
	● NO MAXIMUM LOAN AMOUNT.
	● NO MORTGAGE INSURANCE.



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SFH DIRECT LOANS - 502


- APPLICATION PROCESS**
 - BORROWER APPLIES AT LOCAL RD OFFICE.
 - RD PROCESSES, APPROVES, CLOSES AND SERVICES THE LOAN.
- LEVERAGED LOANS**
 - BORROWER APPLIES WITH LENDER
 - LENDER APPROVES THEIR LOAN, PACKAGES RD LOAN AND SUBMITS.

- PROGRAM HIGHLIGHTS**
 - LOW & VERY LOW INCOME CATEGORIES, BY COUNTY AND FAMILY SIZE.
 - TO 1% INTEREST RATE, WITH SUBSIDY RECAPTURE.
 - MAXIMUM LOAN AMOUNT SET BY COUNTY -HUD 203(b) LIMIT.
 - 100% OF FMV + APPRAISAL, IMPOUNDS, TAX SERVICE FEE.
 - NO MORTGAGE INSURANCE
 - 29/41 RATIOS FOR VERY LOW AND 33/41 FOR LOW INCOME CATEGORIES.
 - UP TO 38 YEAR TERM.
 - FICO SCORES >660
 - IMPOUNDS REQUIRED.
 - PRE-PAYMENT REQUIRES SUBSIDY RECAPTURE.




SFH 504 - HOME IMPROVEMENTS & REPAIRS LOANS AND GRANTS

- 504 LOANS**
 - MAXIMUM LOAN AMOUNT \$20,000
 - MAXIMUM TERM IS 20 YEARS.
 - MINIMUM INTEREST RATE 1%
 - LOAN PURPOSE MUST BE TO REPAIR, I.E. ROOF, FURNACE, WINDOWS, PLUMBING, ETC.
 - BORROWER APPLIES DIRECTLY TO THEIR LOCAL RD OFFICE.
 - CAN BE MADE IN CONJUNCTION WITH OTHER FUNDING SOURCES
 - VERY LOW INCOME CATEGORY ONLY.
 - 100% LTV W/APPR. OVER \$15M.
- 504 GRANTS**
 - MAXIMUM GRANT IS \$7,500
 - MINIMUM AGE IS 62
 - GRANT PURPOSE MUST BE TO REMOVE HEALTH & SAFETY HAZARDS
 - BORROWER APPLIES DIRECTLY TO THEIR LOCAL RD OFFICE.
 - VERY LOW INCOME CATEGORY.



SFH 523 MUTUAL SELF-HELP PROGRAM COMPONENTS

- Pre-Development Grant of \$10,000
- TA Grant = 15% of Area Loan Limit x number of proposed units.
 - Pays Grantee's Operational Costs
- Site Development Loans
 - 2 Years, 4%, Deferred Interest, all Infrastructure
- 502 Construction to Perm Loans
 - Deferred Construction Interest



How Does The 523 Program Create Affordability?

- TDC = \$145,000
- 523 LABOR = \$42,000 (65% of labor costs)
- BALANCE DUE = \$98,000
- CLOSING COSTS = \$2,000
- AMOUNT TO FINANCE = \$100,000
- LOAN @ 1%, 33 YRS (\$200 TI) = \$496.00 PITI
- CONV. LOAN @ MARKET (5% Down \$7,250 = 2.5% CC \$2,900 TOTAL CASH TO CLOSE \$10,150)
 - ◆ 95% LTV \$137,750 @ 6.25% 30 YR. (\$200 TI) = \$897 PITI + MI OF \$34.44 FOR TOTAL PAYMENT OF \$931
- INCOME NEEDED TO SUPPORT CONV. LOAN = \$36,455
- INCOME NEEDED TO SUPPORT RHS LOAN = \$18,479

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RCAC'S ROLE

- 525 Technical & Supervisory Assistance Grantee – National
- Role is to over see the grantee's activities to include:
 - ◆ Assist in providing resources for training grantee's staff.
 - ◆ Train grantee staff on Shares.
 - ◆ Review grant applications for completeness and compliance to 1944-I.
 - ◆ Mediate for dispute resolutions.
 - ◆ Conduct quarterly site visits.
 - ◆ Conduct quarterly meetings with all parties.
 - ◆ Direct grantees in required/regulatory requirements.
 - ◆ Provide further support as requested or needed.
 - ◆ Provide grantee board training.
 - ◆ Conduct financial and management reviews.
- MT representative is Nancy Jacobsen
 - ◆ 614 Ferguson Ave., Suite 4C, Bozeman, MT 59718
 - ◆ njacobsen @ rcac.org
 - ◆ 406-582-1868 Office, 406-579-5202 Cell, 406-582-1869 Fax.

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MFH 515 – NEW CONSTRUCTION OR REPAIR/REHAB DIRECT LOANS

■ APPLICATION PROCESS	■ HIGHLIGHTS
■ NOFA @ www.rurdev.usda.gov	■ \$1M MAXIMUM LOAN
■ Application is scored at State Office	■ 30 YEAR TERM 50 YR AMORTIZATION
■ National Office Selects	■ INTEREST CREDIT TO 1%
■ Notification for Continued Processing.	■ RENTAL ASSISTANCE
	■ NO PREPAYMENT ALLOWED

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MFH 538 – GUARANTEED RURAL RENTAL HOUSING

- NOFA – BUT ACCEPTING APPLICATIONS ALL YEAR
- APPLICATION DIRECTLY TO LENDER – HUD, FANNIE MAE OR FREDDIE MAC APPROVED
- INDIVIDUALS, NON OR FOR PROFITS, STATE, OR LOCAL AGENCIES, TRUSTS, TRIBES
- LENDERS SUBMIT TO RD STATE OFFICE
- STATE OFFICE SUBMITS TO NATIONAL OFFICE
- \$2500 APPLICATION FEE
- 1/8% ANNUAL SERVICING FEE

- HIGHLIGHTS
- LENDER RATES – 10 TB+250BP
- 40 YEAR TERM/ AMORTIZATION
- 90% GUARANTEE TO LENDER
- INTEREST CREDIT
- NO MAXIMUM LOAN AMOUNT
- LTV 90% FOR PROFIT 97% NON-PROFIT
- TENANT < 115% AMI
- RENT <30% OF 115% OF AMI
- AVG. RENT <30% OF 100% AMI





525 – 533 – 514/516

- NOFA PUBLISHED
- SUBMIT DIRECTLY TO STATE OFFICE

